structure to send terms and conditions including the reserve requirement and the risk-adjusted fee schedule to the applicant for display;

structure to receive an indication of acceptance of the terms and conditions from the applicant;

5   structure to generate identification information associated with the merchant account and the point-of-sale terminal; and

structure to configure an account file for administration of the merchant account with the identification information.

44.   (New) The apparatus of Claim 43, including:

10   structure to receive information from the applicant selecting a point-of-sale terminal for use in connection with the merchant account; and

structure to configure the point-of-sale terminal with the identification information.

R E M A R K S

Status of Claims

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Original Claims 1-15, 17-20, and 22-24 remain. Claim 9 has been amended. Claims 16, 21 and 25 have been cancelled. New Claims 26-44 have been added.

The Examiner noted an error on Page 41 and requested Applicants to correct that error, as well as any other errors in the specification of which Applicants became

20   aware. The typographical errors found have been corrected by the amendment to the Specification.

The drawings also were found to include minor errors, which corrections are noted in red on the copies submitted herewith of FIGS. 1, 8, 19 and 21 for approval by the Examiner.

25   The Examiner objected to Claims 16, 21 and 25, which now have been cancelled. The Claims have been rewritten in independent form, as Claims 26-44, as also suggested by the Examiner.

The Examiner rejected Claims 1-15, 17-20 and 22-24 under U.S.C. §103 as obvious over the admitted prior art in view of *Zirkel*. The Examiner states that:

30   As described by applicant, the essence of the instant invention is a method of using the Internet, by means of appropriate computer hardware and software, to perform an otherwise conventional, well know method for activating a

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merchant account, accomplishing the same result as had heretofore been accomplished via manual means.

However, *Zirkel* discloses a similar method of activating a merchant account, and the method of *Zirkel* indeed includes activating the merchant account by means of the Internet, using appropriate computer hardware and software.

Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have modified the conventional manual method of activating a merchant account described by applicant, so as to allow a merchant account by means of the Internet, using appropriate computer hardware and software, in accordance with the teachings of *Zirkel*, in order to improve the efficiency of the merchant account application/ordering process, by having the merchant input all of the required application information, thereby saving time by reducing the amount of manual effort required on the part of the account provider, and also allowing the merchant to apply at any time convenient for the merchant, independent of the hours of the account provider, thereby increasing sales/profits for the account provider.

Applicants do not agree with the Examiner's statement. Applicants do not agree that there is any "essence of the . . . invention" standard in properly applying 35 U.S.C. §103. Applicants also do not agree that the prior art and *Zirkel* disclose or suggest the claimed invention. *Zirkel* is directed to enabling a merchant to apply for a credit card processing account over the Internet.

Zirkel does not disclose or suggest any of the steps of Claim 1 starting with "receiving information from the applicant selecting a point-of-sale terminal for use in connection with the merchant account." *Zirkel* also does not disclose or suggest the steps claimed in dependent Claims 2-7 and 10. Likewise, *Zirkel* does not disclose or suggest any of the steps of independent Claim 17 starting with "displaying a menu of point-of-sale terminal options" *Zirkel* also does not disclose or suggest the steps claimed in dependent Claims 18 and 19. *Zirkel* further does not disclose the point-of-sale terminal features of Claims 22 and 23.

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New Claims 26-44 are apparatus claims corresponding to the method claims and are allowable over *Zirkel* and the prior art for the same reasons as the method claims.
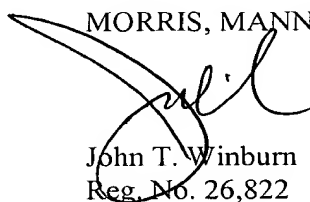
Claims 1-15, 17-20, 22-24 and 26-44 are in allowable form and are allowable over the references cited, both structurally and functionally. Applicants respectfully request that the claims be allowed.

If the Examiner has any question regarding this Amendment, kindly contact John Harris at the telephone number indicated below.

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MARK UP VERSION OF SPECIFICATION AND CLAIM AMENDMENTS

Page 13, delete Paragraph 2 and replace with the following:

Those skilled in the art will appreciate that many other types of menu and display screen structures may be used to obtain and group business type information.

5 For example, [and] a long list of SIC definitions may be presented in which each SIC definition includes a box or circle for clicking in a selection indicator. Alternatively, a list of credit risk groups may be presented in which each SIC definition includes a box or circle for clicking in a selection indicator. Any other suitable type of menu or display screen may be used to obtain this or any other type of information gathered by

10 the merchant activation routine **24**.

Pages 17 and 18 starting on Page 17, delete Paragraph 2, and replace with the following:

Step **502** is followed by step **504**, in which the merchant activation routine **24** computes a reserve requirement for the applicant. Step **504** is followed by step **506**, in

15 which the merchant activation routine **24** computes a [reserve] risk adjusted pricing requirement for the applicant. As noted above, the applicant's credit risk score and preference for risk adjustment measures are preferably taken into account when computing these risk adjustment measures. Step **506** is followed by step **508**, in which the merchant activation routine **24** displays the high risk terms and conditions,

20 including the risk adjustment measures, to the applicant for acceptance.

Page 20, delete Paragraph 2 and replace with the following:

FIG. 7 is a logic flow diagram illustrating routine **324** for configuring the master account file **28** and the point-of-sale terminal **16**. Routine **324** follows the "YES" branch from step **320** shown on FIG. 3. In step **702**, the merchant activation

25 routine **24** may generate the **MID/TID** identification information, or alternatively the merchant activation routine **24** may trigger the main computer **26** to generate the **MID/TID** identification information. In either case, step **702** is followed by step **704**, in which the identification information is configured into the master account file **26**. Step 704 is followed by step 706, in which the service features are configured into the

30 master account file 26.

Page 25, delete Paragraphs 3 and 4, and replace with the following:

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For example, data fields **1202-1214** can prompt the merchant to enter business sales data and information as follows. Filed **1202** prompts the merchant to enter a total cash and credit sales amount. Field **1204** prompts the merchant to enter a local or state sale tax percentage. Field **1206** prompts the merchant to select the merchant's credit card refund policies, such as exchange, store credit, or refund, by clicking on a corresponding check box. If a refund is offered under the merchant's credit card refund policies, then field **1208** permits the merchant to select the time period to submission, such as 0-3 days, by clicking on and pulling down a pull down box menu. Field [**1212**] **1210** prompts the merchant to enter credit card sales submission information, such as the date of order, by clicking on and pulling down a pull down box menu. Field [**1214**] **1212** prompts the merchant to enter an amount of annual credit card sales. Field [**1216**] **1214** prompts the merchant to <u>enter</u> an average sales amount.

After the merchant has input data into a predetermined minimum number of fields **1202**-[**1216**] **1214**, the merchant computer **18** sends the merchant's data to the Internet server **22**. The Internet server **22** receives the merchant's data from the business sales data and information input screen **1200** and continues the application process as described in FIGS. 13-21.

Pages 28 and 29, delete Paragraph 3 starting on Page 28, and replace with the following:

For example, data fields **1602-1624** can prompt the merchant to enter bank reference information as follows. Field **1602** prompts the merchant to enter a bank name. Field **1604** prompts the merchant to enter a street address. Field **1606** prompts the merchant to enter a city for the street address. Field **1608** prompts the merchant to enter a state for the street address. Field **1610** prompts the merchant to enter a postal zip code for the street address. Field **1612** <u>prompts the merchant to enter a telephone number. Field **1614**</u> prompts the merchant to enter a bank contact name. Field [**1614**] **1616** prompts the merchant to enter a date indicating when the bank relationship began. [Fields **1616**] <u>Field **1618**</u> prompts the merchant to indicate whether the merchant is a borrower, such as a yes or no response, by selecting a corresponding radio button. Field [**1618**] **1620** prompts the merchant to enter an amount indicating the average balance held by the bank. Field [**1620**] **1622** prompts the merchant to

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enter an amount indicating the total loan/credit facilities. Field [1622] <u>1624</u> prompts the merchant to enter an amount indicating the total of other business/personal account finances.

Pages 29 and 30, delete Paragraph 5 starting on Page 29 and replace with the following:

FIG. 18 is an illustration of a display screen for receiving transaction processing type information in a merchant account activation routine. The Internet server **22** continues the application process by displaying [an] <u>a</u> bank reference information input screen **1800** permitting the merchant to input credit card processing information or data into one or more preselected data fields **1802**-[1818] <u>1822</u> or blanks.

Page 30, delete Paragraph 1 and replace with the following:

For example, data fields **1802**-[1818] <u>1822</u> can prompt the merchant to enter credit card processing information as follows. Fields **1802-1814** prompt the merchant to select a credit card type, such as Mastercard, VISA, American Express, Discover, Diner's Club, JCB, or a debit card, by clicking on a corresponding check box. If the merchant selects American Express as a credit card type, the fields **1816-1818** prompt the merchant for further information regarding the desired American Express account, such as the need to apply for an American Express account or having an pre-existing account, by clicking on a corresponding radio button. If the merchant indicates that a pre-existing account has been opened, then field **1820** prompts the user to enter the existing account number. Similarly, if the merchant selects Discover as a credit card type, then field **1822** prompts the user to enter the existing account number.

Page 31, delete Paragraph 2 and replace with the following:

At the lower portion of the credit card processing display screen **1900**, a navigation button bar [1924] <u>1926</u> presents the merchant buttons corresponding to application process steps, such as general info, business reference, funding info, choose processing types, order equipment, service fees, submit, and cancel. If the merchant selects one of the buttons in the navigation button bar [1924] <u>1926</u>, a corresponding display page or webpage will be presented to the merchant. Examples of each of the application process step display pages or webpages are shown and described in FIGS. 8-21.

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Page 41, delete the paragraph and replace with the following:

A merchant account activation system that includes an Internet server that works in conjunction with a master account file operating on a mainframe computer and an expert computer system that is used to configure point-of-sale terminals. Many of the steps of the activation procedure are performed by a merchant activation routine running on the Internet server, which allows a merchant [account may] to apply for a merchant account during an on-line session conducted with the Internet server. The merchant activation routine obtains application information from the applicant during an on-line session, conducts a credit check and "scores" the application as a credit risk during the on-line session. If the application is approved, the merchant activation routine displays a fee schedule and associated terms and conditions to the applicant for acceptance. In response to merchant acceptance of the terms and conditions of a merchant account during an on-line session, the merchant activation routine or an associated computer operated by the acquirer generates identification information associated with the merchant account and the point-of-sale terminal, such as a Merchant Identification Number (MID) and a Termination Identification Number (TID).

In The Claims

Please amend Claim 9 as follows:

9.   (Amended) The method of Claim 1, wherein the step of receiving information from the applicant completing an application for the merchant account further comprises the step of prompting the use to provide information relating to funding for the charges associated with administering the merchant account.

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